

Introduced by Senator Cox

February 27, 2009

An act to add Section 1366.30 to the Health and Safety Code, and to add Section 10128.60 to the Insurance Code, relating to health care coverage, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 727, as introduced, Cox. Cal-COBRA.

Existing law provides for licensing and regulation of health care service plans by the Department of Managed Health Care. Existing law provides for regulation of health insurers by the Insurance Commissioner. A willful violation of provisions governing health care service plans is a crime.

Existing law requires health care service plans and health insurers to offer continuation of group coverage for a specified period of time to persons who become ineligible for group coverage, otherwise known as COBRA or Cal-COBRA.

This bill would also require health care service plans and health insurers to offer continuation coverage if the person is covered by an employer group plan that is terminated by the employer and the employer does not provide a successor group benefit plan to its employees. The bill would require the offered coverage to be for not less than 18 months from the termination date and to be offered under the same terms and conditions as the former group plan, but subject to the rules governing COBRA coverage, to the extent relevant and applicable. By modifying the requirements applicable to health care service plans, the willful violation of which would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1366.30 is added to the Health and Safety
2 Code, to read:

3 1366.30. Notwithstanding any other provision of this article,
4 a health care service plan shall also offer an enrollee continuation
5 coverage if the enrollee is covered by an employer group benefit
6 plan that is terminated by the employer and the employer does not
7 provide a successor group benefit plan to its employees. The
8 offered coverage shall be for not less than 18 months from the
9 termination date and shall be offered under the same terms and
10 conditions as the former group plan, but subject to the rules
11 governing COBRA coverage to the extent those rules are relevant
12 and applicable. "COBRA" has the meaning as defined in
13 subdivision (b) of Section 1366.29.

14 SEC. 2. Section 10128.60 is added to the Insurance Code, to
15 read:

16 10128.60. Notwithstanding any other provision of this article,
17 a health insurer shall also offer an insured continuation coverage
18 if the insured is covered by an employer group benefit plan that is
19 terminated by the employer and the employer does not provide a
20 successor group benefit plan to its employees. The offered coverage
21 shall be for not less than 18 months from the termination date and
22 shall be offered under the same terms and conditions as the former
23 group benefit plan, but subject to the rules governing COBRA
24 coverage to the extent those rules are relevant and applicable.
25 "COBRA" has the meaning as defined in subdivision (c) of Section
26 10128.59.

27 SEC. 3. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because

1 the only costs that may be incurred by a local agency or school
2 district will be incurred because this act creates a new crime or
3 infraction, eliminates a crime or infraction, or changes the penalty
4 for a crime or infraction, within the meaning of Section 17556 of
5 the Government Code, or changes the definition of a crime within
6 the meaning of Section 6 of Article XIII B of the California
7 Constitution.

8 SEC. 4. This act is an urgency statute necessary for the
9 immediate preservation of the public peace, health, or safety within
10 the meaning of Article IV of the Constitution and shall go into
11 immediate effect. The facts constituting the necessity are:

12 In order to provide for the extension of health care coverage to
13 affected individuals as quickly as possible, it is necessary that this
14 act take effect immediately.